

## Blount, Will

---

**From:** McCartney, Richard L [RMcCartney@ameren.com]  
**Sent:** Thursday, August 08, 2013 12:15 PM  
**To:** PPB  
**Cc:** Fitzhenry, Edward C  
**Subject:** IPA Communications Report  
**Attachments:** Report of Communications with Illinois Power Agency 080813.PDF; Ameren Illinois July 2013 IPA Correspondence.PDF

To Whom It May Concern:

Please find attached a report of communications with the Illinois Power Agency. My contact information is below should you require additional information.

Sincerely,

**RICH MCCARTNEY** :: Director, Power Supply Acquisition :: 314-613-9181 :: C 636-579-1962  
**Ameren Illinois** :: 1901 Chouteau Avenue :: St Louis, MO 63166

The information contained in this message may be privileged and/or confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. Note that any views or opinions presented in this message are solely those of the author and do not necessarily represent those of Ameren. All e-mails are subject to monitoring and archival. Finally, the recipient should check this message and any attachments for the presence of viruses. Ameren accepts no liability for any damage caused by any virus transmitted by this e-mail. If you have received this in error, please notify the sender immediately by replying to the message and deleting the material from any computer. Ameren Corporation

## REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD  
511 W. CAPITOL AVENUE, SUITE 102  
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "IPA Communication Report" in the Subject line to: [ppb@illinois.gov](mailto:ppb@illinois.gov)

Date of Communication: 7/12 and 7/17

Time of Communication:

### Type of Communication:

- ☐ Telephone  
☐ In Person  
☐ Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String  
☒ Written – Attach Copy  
☐ Other



### Initiator:

Initiator of Communication: Richard L. McCartney  
Representing: Ameren Illinois  
Location: St Louis MO  
Email Address (if communication was via email): [rmccartney@ameren.com](mailto:rmccartney@ameren.com)  
Telephone Number (if telephonic):  
Is this person a Lobbyist required to register under the Lobbyist Registration Act

Duration of Call or In-Person Communication:  
☐ Yes ☐ No

**Recipient(s):** (If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)

Recipient One Name: Anthony Star  
Recipient Title: Director  
Representing: IPA  
Location: Chicago  
Email Address (if communication was via email): [anthony.star@illinois.gov](mailto:anthony.star@illinois.gov)  
Telephone Number (if telephonic):

Recipient Two Name:  
Recipient Title:  
Representing:  
Location:  
Email Address (if communication was via email):  
Telephone Number (if telephonic):

Recipient Three Name:  
Recipient Title:  
Representing:  
Location:  
Email Address (if communication was via email):  
Telephone Number (if telephonic):

If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, they must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

### Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:  
Summary of Ameren Illinois forecast for the period June 2014 through May 2019 as required by law to be provided to the IPA.

Was a response made? If so, complete the following for each person making the response (attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable):

Respondent Name: Anthony Star  
Respondent Title: Director  
Location: Chicago  
Telephone Number (if telephonic):

Provide a detailed summary of the response:  
Confirmed receipt.

Other pertinent information:

Richard L. McCartney  
SIGNATURE

8-8-13  
DATE

Director, Power Supply Acquisition  
Ameren Illinois Company



---

July 12, 2013

Illinois Power Agency ("IPA")  
Anthony Star - Director  
160 N. LaSalle  
Suite C-504  
Chicago, Illinois 60601  
VIA EMAIL

Dear Mr. Star:

**June 2014 through May 2019 Forecasts**

**Energy and Capacity**

In the attached files and as described below, Ameren Illinois Company ("AIC") provides forecast scenarios for customers who take supply from AIC fixed price tariffs:

- Expected Forecast
- Expected Forecast with Incremental Energy Efficiency
- High Forecast
- Low Forecast

In each of the forecast scenario files, AIC has included the existing hedges for energy and capacity and a calculation of the hedging position based on the past IPA strategy of 100% year 1 requirements, 70% year 2 requirements and 35% year 3 requirements. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its agent.

1) AIC Expected Forecast 2014 through 2019.xlsx

The before switching forecast (delivery service load including distribution losses) is filtered by expected switching to create the after switching forecast. Over half of residential load has already switched away from AIC fixed price tariffs. Such switching has been driven in large part by the sizeable amount of customers that have participated in contracts resulting from three rounds of municipal aggregation referenda. While our expected forecast assumes no additional aggregation referenda for the balance of the planning horizon (other than pending switching associated with recent aggregation), we continue to forecast an increase in switching outside of municipal aggregation for both residential and small to mid-size commercial

accounts. However, the *rate* of the switching increase is more modest when compared to prior forecasts due in large part to the sizeable reduction in the price associated with the AIC fixed price tariff, which in turn brings the tariff price closer to market.

The expected forecast suggests existing energy hedges account for the following:

| Plan Year | Hedge Percentage |
|-----------|------------------|
| 2014      | 126%             |
| 2015      | 51%              |
| 2016      | 14%              |

2) AIC Expected Forecast 2014 through 2019 Extra EE.xlsx

This forecast is identical to that provided above; with the exception that incremental energy efficiency measures are included (the impact of *existing* energy efficiency measures was already considered). More details regarding the energy efficiency analysis is provided below and in the files attached.

The expected forecast with incremental energy efficiency suggests existing energy hedges account for the following:

| Plan Year | Hedge Ratio |
|-----------|-------------|
| 2014      | 127%        |
| 2015      | 51%         |
| 2016      | 14%         |

3) AIC High Forecast 2014 through 2019.xlsx

The before switching forecast (delivery service load including distribution losses) is based on a high growth scenario which is then filtered by a low switching scenario to calculate an after switching forecast which is higher than the expected case. The low switching scenario assumes that the AIC fixed price tariff will become more attractive relative to ARES options and thus customers that previously left the AIC fixed price tariff under municipal aggregation will return as existing aggregation contracts expire. In addition, load outside of aggregation will also return to the AIC fixed price tariff. The result of the low switching scenario is a forecast where fixed price load returns to levels comparable to those seen before municipal aggregation.

The high forecast suggests existing energy hedges account for the following:

| Plan Year | Hedge Ratio |
|-----------|-------------|
| 2014      | 59%         |
| 2015      | 17%         |
| 2016      | 4%          |

#### 4) AIC Low Forecast 2014 through 2019.xlsx

The before switching forecast (delivery service load including distribution losses) is based on a low growth scenario which is then filtered by a high switching scenario to calculate an after switching forecast which is lower than the expected case. The high switching scenario assumes that additional municipal aggregation referenda will occur in the planning horizon and that switching outside of municipal aggregation will also continue. The result of the high switching scenario is a forecast where very little eligible retail load remains at the end of the planning horizon.

The high forecast suggests existing energy hedges account for the following:

| Plan Year | Hedge Ratio |
|-----------|-------------|
| 2014      | 337%        |
| 2015      | 210%        |
| 2016      | 94%         |

#### 5) Capacity 2014 through 2019.xlsx (includes expected, expected with incremental energy efficiency, high and low scenarios)

Based on the expected forecast scenario, existing bilateral purchases result in the following hedge percentages. Please note that the expected scenario with incremental energy efficiency results in a slight reduction in capacity requirements. However, the difference is small enough that the hedge ratio remains the same between the expected scenario and the expected with incremental energy efficiency scenario:

| Plan Year | Hedge Ratio |
|-----------|-------------|
| 2014      | 86%         |
| 2015      | 0%          |
| 2016      | 0%          |

Given the recent change in the MISO capacity construct, the IPA procurement plan may wish to discuss and recommend whether future capacity needs for AIC should be partially hedged with forward bilateral purchases. While AIC can meet 100% of its capacity requirement through the MISO yearly auction, the downside is that no forward price hedging would occur and therefore the auction would only meet the capacity requirement for the prompt year, whereas the PJM auction meets the capacity requirement three years into the future.

Also included in this file is the capacity position associated with the high forecast scenario:

| Plan Year | Hedge Ratio |
|-----------|-------------|
| 2014      | 41%         |
| 2015      | 0%          |
| 2016      | 0%          |

And finally the capacity position associated with the low forecast scenario is also included:

| Plan Year | Hedge Ratio        |
|-----------|--------------------|
| 2014      | 218% (over hedged) |
| 2015      | 0%                 |
| 2016      | 0%                 |

## **Renewables**

In the attached files and also described below, AIC provides our expected, expected with incremental energy efficiency, high and low forecasts associated with renewables. Each scenario includes a yearly calculation of the targeted renewable quantities and an associated budget cap for the planning horizon. In addition to the forecasts, AIC has included the existing renewable purchase quantities and associated dollars and further used this data to calculate the remaining renewable target and remaining budget. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its agent.

In its final order pertaining to the 2013 IPA Procurement Plan, the Commission ordered that the implied REC values resulting from the long term renewable contracts executed in December 2010 are no longer confidential. As such, AIC has not password protected the attached files as we did in prior years.

Please note that AIC continues to collect and hold RPS funds collected from real time pricing tariffs. At the end of May 2013, AIC holds \$1,800,484 in a liability account awaiting further direction from the IPA. For clarification purposes, these funds are not included in the budgets associated with the above mentioned forecast scenarios which pertain solely to AIC fixed price load.

### 6) RPS Expected Forecast 2014 through 2019.xlsx

| Plan Year | Remaining Budget | Remaining Target RECs |
|-----------|------------------|-----------------------|
| 2014      | (\$589,040)      | (76,336)              |
| 2015      | (\$1,198,672)    | (468,260)             |
| 2016      | (\$2,806,996)    | (482,839)             |

The forecast suggests that existing purchases are in excess of the budget and the target has also been exceeded.

In the last two IPA Procurement Plans, AIC has provided updated forecasts to the IPA and ICC Staff in November and March. If that practice continues for this year and updated forecasts continue to indicate the budget will be exceeded, proportional curtailment of the long term renewable contracts appears warranted.

7) RPS Expected EE Forecast 2014 through 2019.xlsx

| Plan Year | Remaining Budget | Remaining Target RECs |
|-----------|------------------|-----------------------|
| 2014      | (\$620,634)      | (76,336)              |
| 2015      | (\$1,228,001)    | (468,260)             |
| 2016      | (\$2,834,827)    | (484,851)             |

8) RPS High Forecast 2014 through 2019.xlsx

| Plan Year | Remaining Budget | Remaining Target RECs |
|-----------|------------------|-----------------------|
| 2014      | \$9,085,217      | (76,336)              |
| 2015      | \$14,679,048     | (468,260)             |
| 2016      | \$16,925,100     | 133,390               |

Note that even though the high scenario has a positive budget, the target RECs remain in an excess position for the first two years. It isn't until the third year of this scenario that target RECs show a positive balance. This is explained by reviewing the calculation requirement under the law whereby targeted RECs for an upcoming year are based in part on actual load from a prior period. Since actual load in that prior period was low (e.g. due to municipal aggregation), then the target RECs for the upcoming period will reflect the lower load.

9) RPS Low Forecast 2014 through 2019.xlsx

| Plan Year | Remaining Budget | Remaining Target RECs |
|-----------|------------------|-----------------------|
| 2014      | (\$5,856,110)    | (76,336)              |
| 2015      | (\$7,135,264)    | (468,260)             |
| 2016      | (\$9,178,279)    | (818,339)             |

**Forecasting Methodology**

10) AIC Forecasting Methodology.doc

This file provides a description of the methodology used by Ameren Illinois in preparing its forecasts for the IPA. The document was included as an Appendix in past procurement plans.

**Energy Efficiency Compliance with 220 ILCS 5/Section 16-111.5b**

AIC personnel in the Energy Efficiency department have completed considerable analysis so as to be in compliance with the new requirements added when SB 1652 was enacted and to address pending changes pertaining to the passing of SB 3811. The following files are provided in this regard:

- 1) AIC EE IPA Submission Document which contains a summary of the findings. Included in the document are the following appendices:



Appendix 1: Section 16-111.5B  
Appendix 2: IPA/ICC Section 16.111.5B Workshop Summary  
Appendix 3: Program Descriptions

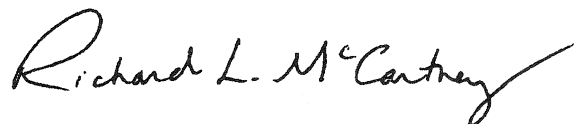
- 2) Appendix 4 AIC Potential Study 2013.
- 3) Appendix 5 AIC TPEP 2013 RFP.
- 4) All third party bids are included in the directory titled "Appendix 6 AIC IPA Bids 2013 CONFIDENTIAL". Please make note of the confidential nature of the contents of this directory.
- 5) The detailed analysis is included in the directory "Appendix 7 IPA Detailed Analysis CONFIDENTIAL". Please make note of the confidential nature of the contents of this directory.

### **Summary**

The advent of municipal aggregation has created considerable uncertainty to the forecasting process and this will continue through this planning horizon. AIC believes the forecasts attached and described in this letter represent reasonable estimates, however, we caution that actual results could vary considerably.

Please let us know if you have questions or wish to discuss any of the files. For matters pertaining to Power Supply, I can be reached at 314-613-9181 or [rmccartney@ameren.com](mailto:rmccartney@ameren.com). For matters pertaining to Energy Efficiency, please contact Keith Goerss, Assistant Manager of Energy Efficiency, at 309-677-5708 or [kgoerss@ameren.com](mailto:kgoerss@ameren.com). Any legal issues can be addressed with Ed Fitzhenry at 314-554-3533 or [efitzhenry@ameren.com](mailto:efitzhenry@ameren.com)

Sincerely,



Richard L. McCartney  
Director, Power Supply Acquisition

cc: Mario Bohorquez & Michael Strong - IPA  
Jim Blessing, Keith Goerss, Ed Fitzhenry, Ray Saunders & Justin Range - AIC  
Richard Zuraski & Tom Kennedy- ICC Staff



July 17, 2013

Illinois Power Agency ("IPA")  
Anthony Star - Director  
160 N. LaSalle  
Suite C-504  
Chicago, Illinois 60601  
VIA EMAIL

Dear Mr. Star:

**Revised June 2014 through May 2019 Forecasts**

**Energy**

It was discovered in our original energy forecast scenarios that certain hours were listed as on-peak when they should have been off-peak and vice versa. The timetable impacted was entirely June 2018 through May 2019 with the exception of one day in February 2016. While the impact is immaterial, we believe it best to provide you with corrected versions for all four of the energy forecast scenarios.

For the expected energy forecast scenario that includes incremental energy efficiency, in addition to the aforementioned corrections, we also made minor adjustments regarding the impact of incremental energy efficiency so as to better align the forecast with the estimates provided in the written energy efficiency report.

Therefore, in the attached files and as listed below, AIC provides revised forecast scenarios for customers who take supply from AIC fixed price tariffs. The descriptions of the files and the hedge ratios provided in my cover letter of July 12 remain unchanged.

- 1) AIC Expected Forecast 2014 through 2019 Revised.xlsx
- 2) AIC Expected Forecast 2014 through 2019 Extra EE Revised.xlsx
- 3) AIC High Forecast 2014 through 2019 Revised.xlsx
- 4) AIC Low Forecast 2014 through 2019 Revised.xlsx

## **Capacity**

For the expected, high and low scenarios, the capacity calculations remain unchanged relative to the original versions provided on July 12. The expected scenario with incremental energy efficiency had insignificant changes (fractions of a MW) relative to the original version. However, for the sake of thoroughness, we have provided a revised version of this capacity scenario.

5) Capacity 2014 through 2019 EE Revised.xlsx

## **Renewables**

For the expected, high and low scenarios, the renewable calculations remain unchanged relative to the original versions provided on July 12. The expected scenario with incremental energy efficiency had insignificant changes. However, for the sake of thoroughness, we have provided a revised version of this scenario.

6) AIC RPS Expected EE Forecast 2014 through 2019 Revised.xlsx

I can be reached at 314-613-9181 or [rmccartney@ameren.com](mailto:rmccartney@ameren.com) if you have questions or wish to discuss any of the revised files. Please accept my apology for any inconvenience.

Sincerely,



Richard L. McCartney  
Director, Power Supply Acquisition

cc: Mario Bohorquez & Michael Strong - IPA  
Jim Blessing, Keith Goerss, Ed Fitzhenry, Ray Saunders & Justin Range - AIC  
Richard Zuraski & Tom Kennedy- ICC Staff